Email From Andy Schor of the MML Regarding HB 4678 (Rep. Olumba)

We are supportive of this language and the bill.

My understanding is that the City of Detroit that wants this language because they are having issues between their DDA and Assessor. Apparently, case law and tax tribunal rulings have already ruled that the DDA doesn't pay taxes on its own properties, but the Assessor says that unless that is put in law they will continue to charge the DDA. So they have tons of cases in litigation. Both the Assessor and DDA in Detroit are supportive of this language. One case specifically - City of Mt. Pleasant vs. The State Tax Commission, 477 Mich 50, 729 NW 2d 833 (2007) – ruled that DDA properties (properties held by the DDA and not for-profit in the district) are not subject to taxation; and that instead of being taxed and having the TIF returned to the DDA, all these properties should be tax exempted.

After talking to assessors and economic development professionals last year, I understand that properties held by DDA's are exempt from taxation. **Putting this in statute will not cost any dollars to communities.** And the properties that are held by the DDA and rented out, as well as the private properties, will continue to be taxed under the property tax act. The property tax act (211.181) requires that that a property in a DDA (exempted from ad valorem) but leased will still pay taxes to the community. The tax assessor still assess and collects the taxes on the rent, while the property taxes are captured and remitted as explained above. Non-profits, are not taxed either way.